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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/919,456	07/31/2001	George H. Butcher	7056.025	3566
32361	7590	09/19/2006	EXAMINER	
GREENBERG TRAURIG, LLP MET LIFE BUILDING 200 PARK AVENUE NEW YORK, NY 10166			LIVERSEDGE, JENNIFER L	
			ART UNIT	PAPER NUMBER
			3628	

DATE MAILED: 09/19/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b>	<b>Applicant(s)</b>	
	09/919,456	BUTCHER, GEORGE H.	
	<b>Examiner</b>	<b>Art Unit</b>	
	Jennifer Liversedge	3628	

— The MAILING DATE of this communication appears on the cover sheet with the correspondence address —  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### **Status**

- 1) Responsive to communication(s) filed on 14 July 2006.
- 2a) This action is **FINAL**.                            2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### **Disposition of Claims**

- 4) Claim(s) 1-4 and 6-10 is/are pending in the application.
  - 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) Claim(s) \_\_\_\_\_ is/are allowed.
- 6) Claim(s) 1-4 and 6-10 is/are rejected.
- 7) Claim(s) \_\_\_\_\_ is/are objected to.
- 8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### **Application Papers**

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.
 

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### **Priority under 35 U.S.C. § 119**

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
  - a) All    b) Some \* c) None of:
    1. Certified copies of the priority documents have been received.
    2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
    3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### **Attachment(s)**

- 1) Notice of References Cited (PTO-892)
- 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) Notice of Informal Patent Application
- 6) Other: \_\_\_\_\_

**DETAILED ACTION**

***Response to Amendment***

This Office Action is responsive to Applicant's amendment and request for reconsideration of application 09/919,456 filed on July 14, 2006.

The amendment contains original claims: 2-3, 6-10

The amendment contains amended claims: 1, 4

Claim 5 has been canceled.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-3 and 9-10 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

A Markush group must be definite and complete as to its membership. The Markush group in claims 1, 3, 9 and 10 are indefinite as to scope in the use of the term "including". Claims 1-3 and 9-10 are therefore rejected. Examiner suggests that the applicant replace the phrase "including" with the phrase "consisting of" to overcome this rejection.

Correction is required. See MPEP § 2173.05 (h).

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 1 and 2 are rejected under 35 U.S.C. 102(b) as being anticipated by "Poor Market Spurs New Approaches" by Kuntz, E.F. in Pensions & Investment Age in April 1984 (further referred to as P&I).

Regarding claim 1, P&I disclose a computer implemented method of structuring a credit, comprising:

Requiring the credit issuer of a municipal bond to pay to the credit holder a first payment component associated with the municipal bond, wherein the first payment component is a fixed payment component (page 4, column 1, lines 16-33 and column 2, lines 2-29); and

Requiring the credit issuer of the municipal bond to pay the credit holder an additional, second payment component associated with the municipal bond, wherein the second payment component is a variable payment component (page 4, column 2, lines 2-29) that varies based on changes in a value of an ownership value characteristic which is associated with the municipal bond;

wherein the ownership value characteristic is selected from the group consisting of: a) a general interest rate level; b) an exemption from a state tax; c) an exemption from a federal tax; d) a marginal state tax rate; e) a marginal federal tax rate; f) a credit rating of the credit issuer; g) a credit variation associated with a credit enhancer; h) a credit variation associated with a liquidity provider; and I) a supply/demand level for municipal bonds (page 4, column 1, lines 7-15 and lines 20-26).

Regarding claim 2, P&I disclose the method wherein the fixed payment component is a fixed interest payment component and the variable payment component is a variable interest payment component (page 4, column 1, lines 16-20 and column 2, lines 5-29).

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.

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4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over "Poor Market Spurs New Approaches" by Kuntz, E.F. in *Pensions & Investment Age* in April 1984 (further referred to as P&I). P&I does not disclose the method wherein the ownership value characteristic upon which the variation of the variable payment component is based is selected from the group consisting of a) an exemption from a state tax; b) an exemption from a federal tax; c) a marginal state tax rate; and d) a marginal federal tax rate. However, given that municipal bonds are generally free from federal taxes and state and local taxes, it would be obvious that if a bond contained a variable component and there were to be imposed a shift in tax policy such that taxes were then to be applied, this would be captured within the variable component of the municipal bond and not the fixed portion of the municipal bond. Variable rates are generally tied to various indexes and rates and a tax rate would be an applicable rate causing a change in the variable payment component. The variable rate as shown in P&I is related to interest rates given on the tax-exempt status of the municipal bonds. If this status were to change based on policy shift, the interest rate associated therewith would change by nature of economical and financial principals.

*9-13-06*  
Claims 4 <sup>and 6-10</sup> are rejected under 35 U.S.C. 103(a) as being unpatentable over "Poor Market Spurs New Approaches" by Kuntz, E.F. in *Pensions & Investment Age* in

April 1984 (further referred to as P&I), and further in view of Pub. No. U.S. 2002/0184129 A1 Arena (further referred to as Arena).

Regarding claim 4, P&I disclose a computer implemented method of issuing a credit to a credit holder by a credit issuer, wherein the credit has associated therewith at least two ownership value characteristics and each of the ownership value characteristics has associated therewith a loss/gain potential (page 4, column 1, line 1 – column 2, line 29 where ownership value characteristics are short-term and long-term general interest rate levels);

Wherein the loss/gain potential requires the credit issuer to pay to the credit holder a first payment component associated with the credit, wherein the first payment component is a fixed payment component (page 4, column 1, lines 16-33 and column 2, lines 2-29); and

Wherein the loss/gain potential requires the credit issuer to pay to the credit holder an additional, second payment component associated with the credit, wherein the second payment component is a variable payment component (page 4, column 2, lines 2-29).

P&I does not disclose transferring to the credit holder at least one loss/gain potential; and retaining by the credit issuer at least one loss/gain potential. However, Arena discloses transferring to the credit holder at least one loss/gain potential; and retaining by the credit issuer at least one loss/gain potential (page 1, paragraph 0009-0012 and page 2, paragraphs 0013-0015). It would be obvious to one of ordinary skill in

the art to combine the transferring and sharing of risk/gain potential as disclosed by Arena with the variable- and fixed-rate municipal bonds as disclosed by P&I. The motivation would be that the development of combining variable- and fixed-rates was to address the risks associated with holding long-term bonds and by offer both variable and fixed components, the risk is being shared between the credit issuer and the credit holder.

Regarding claim 6, P&I disclose the method wherein the credit is a bond (page 4, column 1, lines 7-15).

Regarding claim 7, P&I disclose the method wherein the bond is a municipal bond (page 4, column 1, lines 1-15 and lines 27-33).

Regarding claim 8, P&I disclose the method wherein the fixed payment component is a fixed interest payment component and the variable payment component is a variable interest payment component (page 4, column 1, lines 16-20 and column 2, lines 5-29).

Regarding claim 9, P&I disclose the method wherein the variation of the variable payment component is based upon a change in value of an ownership value characteristic selected from the group consisting of: a) a general interest rate level; b) an exemption from a state tax; c) an exemption from a federal tax; d) a marginal state

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tax rate; e) a marginal federal tax rate; f) a credit rating of the credit issuer; g) a credit variation associated with a credit enhancer; h) a credit variation associated with a liquidity provider; and I) a supply/demand level for municipal bonds (page 4, column 1, lines 7-15 and lines 20-26).

Regarding claim 10, P&I does not disclose the method wherein the ownership value characteristic upon which the variation of the variable payment component is based is selected from the group consisting of a) an exemption from a state tax; b) an exemption from a federal tax; c) a marginal state tax rate; and d) a marginal federal tax rate. However, given that municipal bonds are generally free from federal taxes and state and local taxes, it would be obvious that if a bond contained a variable component and there were to be imposed a shift in tax policy such that taxes were then to be applied, this would be captured within the variable component of the municipal bond and not the fixed portion of the municipal bond. Variable rates are generally tied to various indexes and rates and a tax rate would be an applicable rate causing a change in the variable payment component. The variable rate as shown in P&I is related to interest rates given on the tax-exempt status of the municipal bonds. If this status were to change based on policy shift, the interest rate associated therewith would change by nature of economical and financial principals.

***Response to Arguments***

Applicant's arguments filed July 14, 2006 have been fully considered but they are not persuasive. Applicant argues that P&I do not explicitly disclose where a credit issuer of a municipal bond pay a credit holder both a fixed payment component and a variable payment component, and further claims that P&I teach away from this concept by teaching paying either a fixed or variable component.

However, Examiner particularly points to page 4, column 2, lines 2-4 in which the combination of short term and long term are discussed. The title of the article, "Poor market spurs new approaches" is directed the reader to the new concept, particularly around municipal bonds (column 1), in which old techniques of using either fixed or variable are no longer meeting the needs of investors. Accordingly, the article discusses the fact that "combination terms are here to stay" (column 2, lines 2-4).

***Conclusion***

**THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of

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the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication should be directed to Jennifer Liversedge whose telephone number is 571-272-3167. The examiner can normally be reached on Monday – Friday, 8:30 – 5 PM.

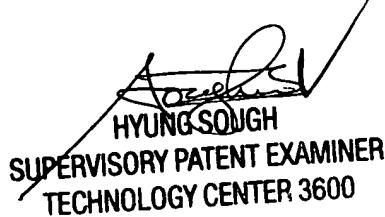
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Sam Sough can be reached at 571-272-6799. The fax number for the organization where the application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Jennifer Liversedge

Examiner

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HYUNG SOUGH  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600